

# RURAL VIRGINIA FALLING BEHIND

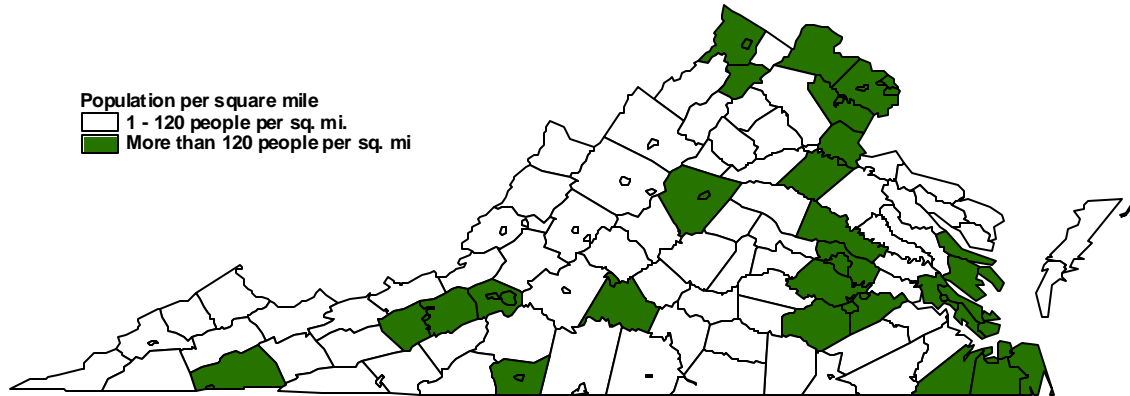
## A Pictorial Presentation

Sometimes a picture truly is worth a thousand words. As a companion piece to the document that describes what is happening in rural Virginia and with an objective of supporting and amplifying the messages of that effort, this presentation focuses on an extended set of maps and graphs. With each map or graph, a brief commentary highlights the key message.

The story these pictures tell is a compelling one. It will help the Commission identify the root causes of problems and identify policies, programs, and new institutions that might be needed to stop the continuing and growing divergence between rural and urban Virginia. As the pictorial story develops, it is increasingly clear that all Virginians, whether rural or urban, face a common challenge and will need to work together to find effective solutions.

In rural communities, “we are, indeed, all in this together,” and it is a statewide problem. Solutions have to be for the community in its entirety, not just for any one sector. No magical marketplace exists to cure the ills and solve the problems. The problems we document here can and will linger and, unfortunately, can get worse. Efforts need to be made to break into this cycle and prescribe how it can be improved.

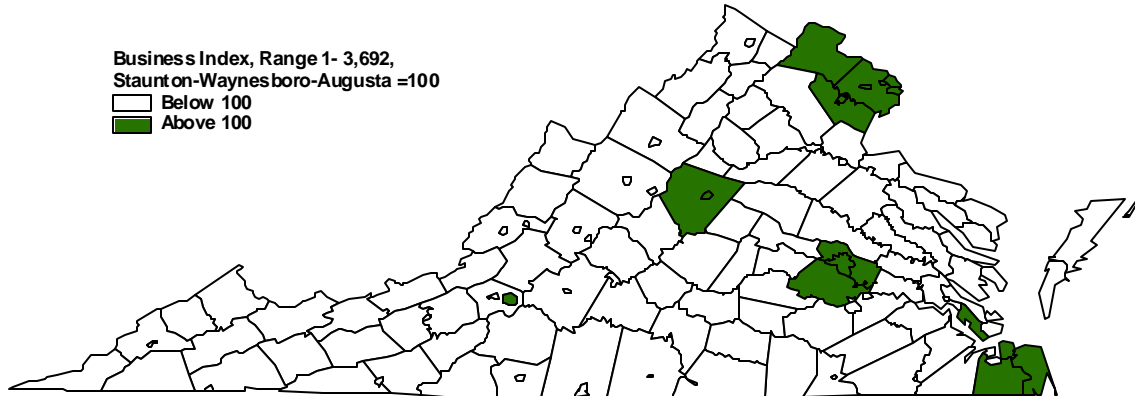
## Defining Rural as Counties with Less Than 120 People per Square Mile



Source: Weldon Cooper Center for Public Service. "1998 Final and 1999 Provisional Population Estimates," <http://www.virginia.edu/coopercenter/vastat/txt/est9099a.html>. Accessed Aug. 12, 2000.

If we define rural as counties with fewer than 120 people per square mile, the crescent of booming economic activity from Northern Virginia down through Richmond, and into the southeast corner is apparent. The Roanoke, Lynchburg, Martinsville, and Bristol areas are identified as urban areas in the central and southwest parts of the state. Many of the rural areas are isolated from access to airports, good highways, and e-commerce potentials via the Internet.

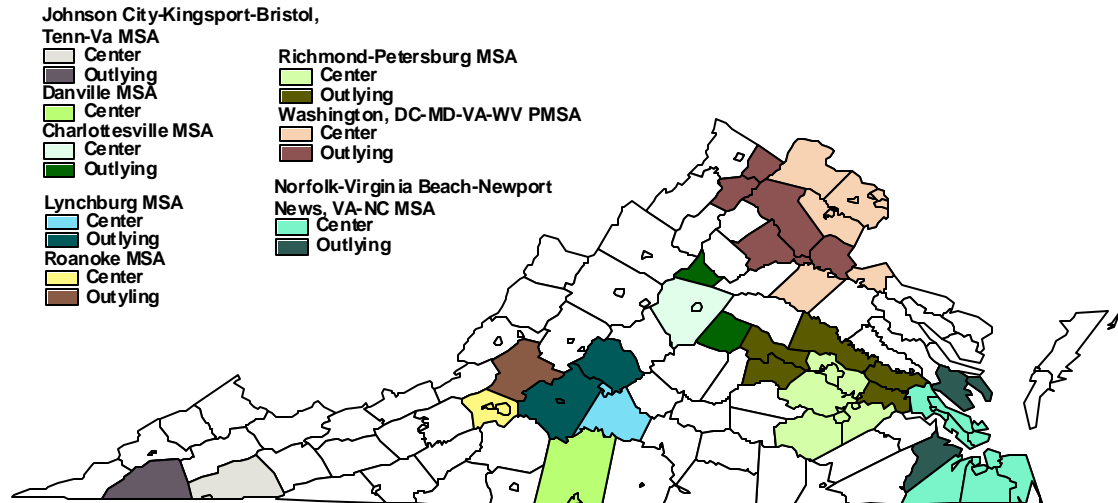
## Defining Rural as Counties with Fewer than 100 Service Businesses



Source: US Census Bureau. County Business Patterns, 1996. <http://www.census.gov/epcd/cbp/view/cbpview.html>. Accessed Aug. 12, 2000

If we define rural as the counties with less than 100 service businesses (the number in Augusta/Staunton/Waynesboro), even more of the state is rural. Augusta/Staunton/Waynesboro was also the dividing county for population below 120 people per square mile. The number of service businesses (lawyers, CPAs, doctors, software developers, equipment repair firms, computer companies, banks, etc.) is a good proxy for the economic activity that occurs in an area. Most of the crescent is still present, but more of the central and southwest parts of the state are classified as rural. The Martinsville/Henry County and Bristol/Washington County areas are now classified as rural, and the Roanoke urban area is much smaller.

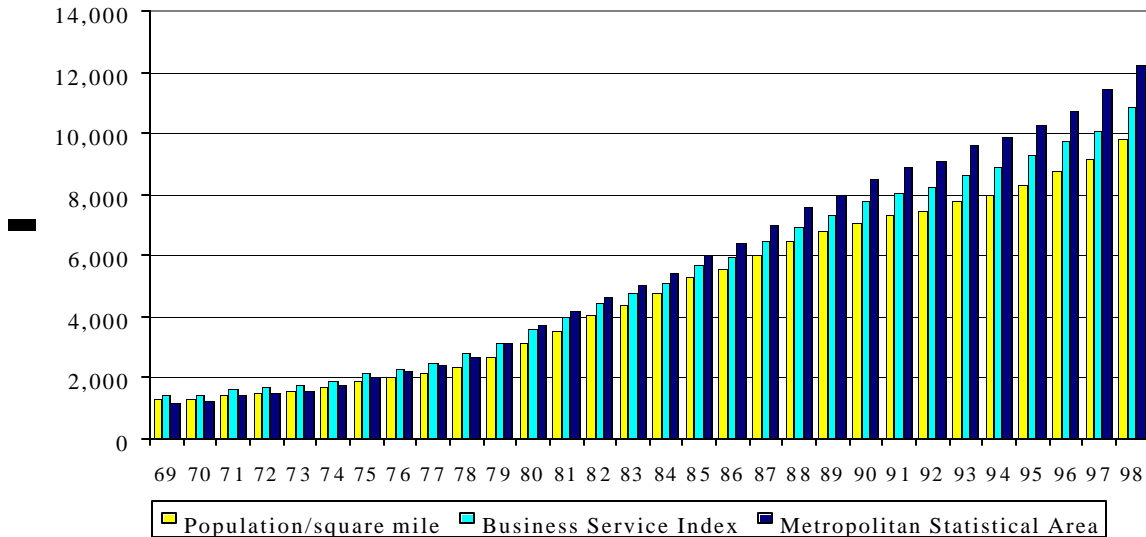
## Defining Rural as Non-Metropolitan



Source: US Bureau of Labor Statistics. "Metropolitan Areas and Components, 1996, with FIPS Codes." <http://stats.bls.gov/790metdf.htm>. Accessed Aug. 12, 2000.

This widely used federal classification scheme shows metropolitan (metro) areas with population centers of 100,000 or more and their adjacent counties. These metro areas are larger in this division of Virginia counties into urban and rural. This measure suggests the presence of more concentrated economic activity in the central and southwest parts of the state.

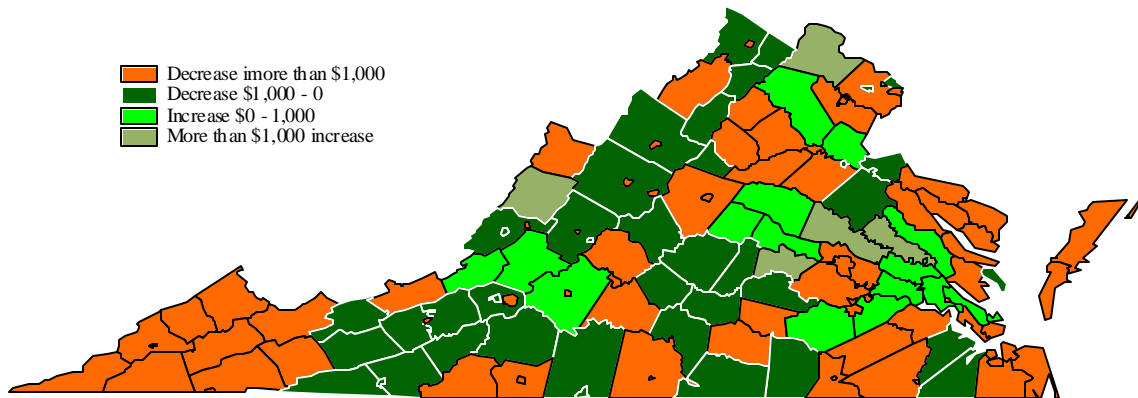
## Differences in Per Capita Disposable Income, Urban Minus Rural, Using Three Ways to Define Rural



Source: US Dept. of Commerce. *Regional Economic Information System 1969-98*. Bureau of Economic Analysis. RCN-0250

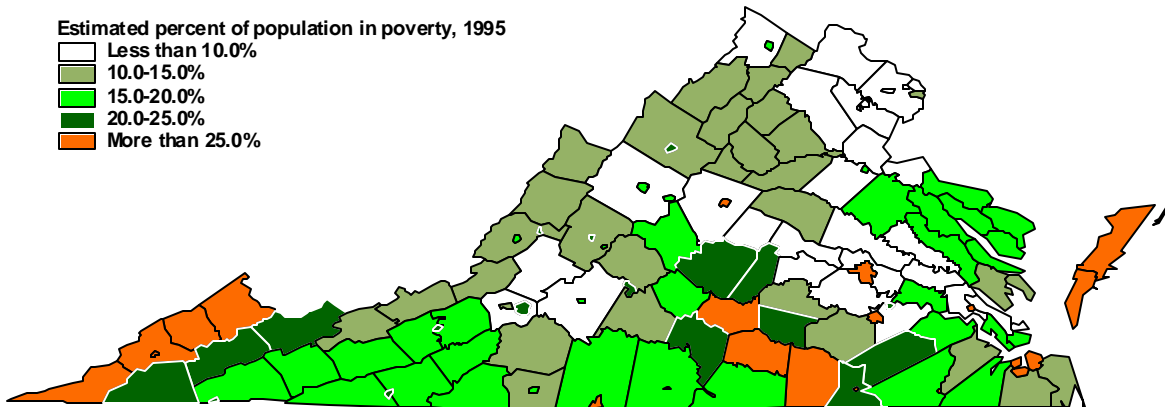
The differences in average per capita disposable income are revealing. In this chart, rural is defined as the counties with fewer than 120 people per square mile, as counties with fewer than 100 service businesses, and as non-metro, using the government definition. In 1998, the difference was \$10,000 to \$12,000, and since 1995, the differences appear to be increasing exponentially. There is no evidence to suggest that the marketplace is correcting this trend of growing divergence.

## Difference in real median adjusted gross income, 1990-1997



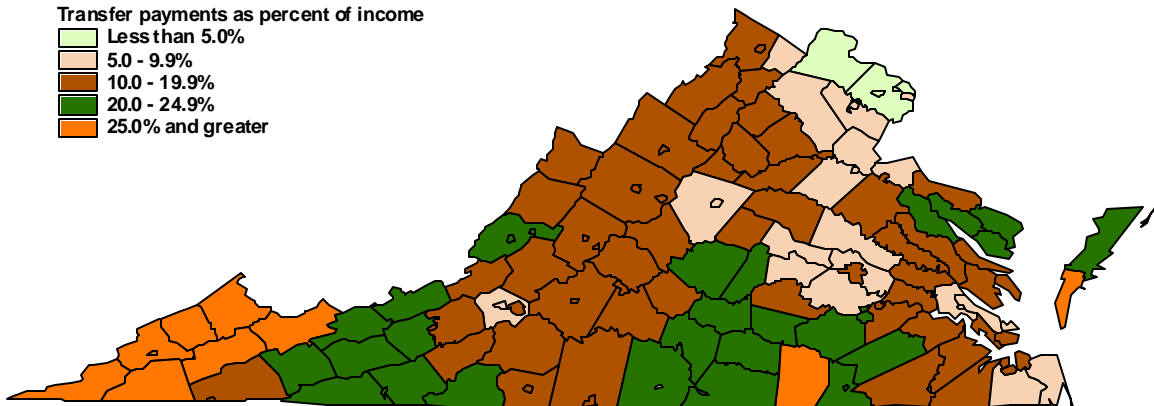
The income change data appear to paint a more mixed picture, but the same rural-based story is there. Decreases in real (adjusted for inflation) median Adjusted Gross Income from 1990 to 1997 suggest a major problem. If incomes are not going up as fast as the overall cost of living as measured by the Consumer Price Index, the standard of living is coming down. Some families are falling farther and farther behind—into poverty and dependence on welfare. Northern Virginia has an interesting pattern, which likely comes from people fleeing the D.C. congestion as increased incomes allow them to move further out.

## Percent of Population Living in Poverty, 1995



Living in poverty destroys confidence and self esteem. It is one of the most unfortunate characteristics of rural areas falling behind. As a general rule, poverty exists because of the low market value of resources in the community. The problem spreads across southern Virginia, reaching from the coalfields of the Southwest to the Eastern Shore. Poverty is a vicious cycle that feeds on itself if left unattended.

## Transfer Payments as a Percent of Income

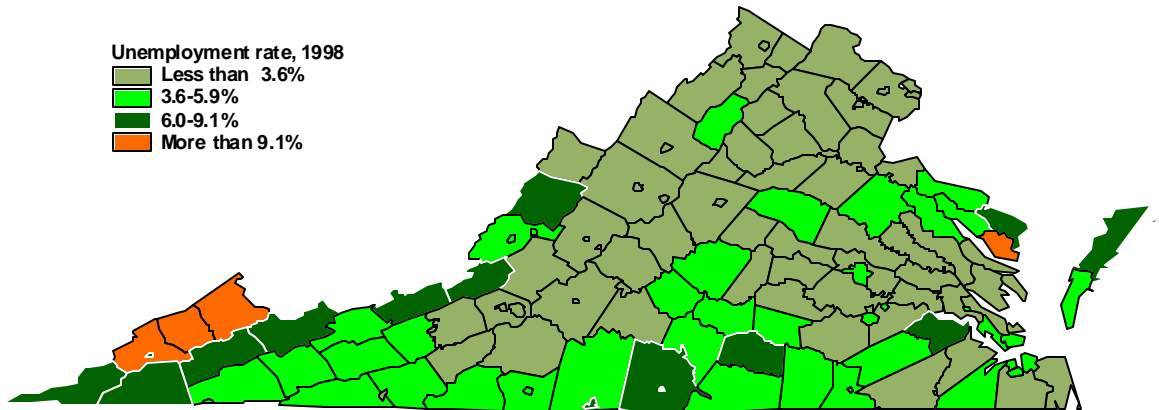


Source: US Dept. of Commerce. "Regional Economic Information System, 1969-98." Bureau of Economic Analysis, RCN-0250.

Transfer payments are made up of social security, retirement pensions, welfare, food stamps and related programs, and other forms of unearned income. (Earned income is made up of wages and salaries.) The higher percentages of transfer payments are in rural areas and the two lowest categories largely trace out the crescent from Washington, D.C. down to the southeast corner of the state. Families relying more heavily on transfer payments for income will usually have more problems paying taxes to support local services.

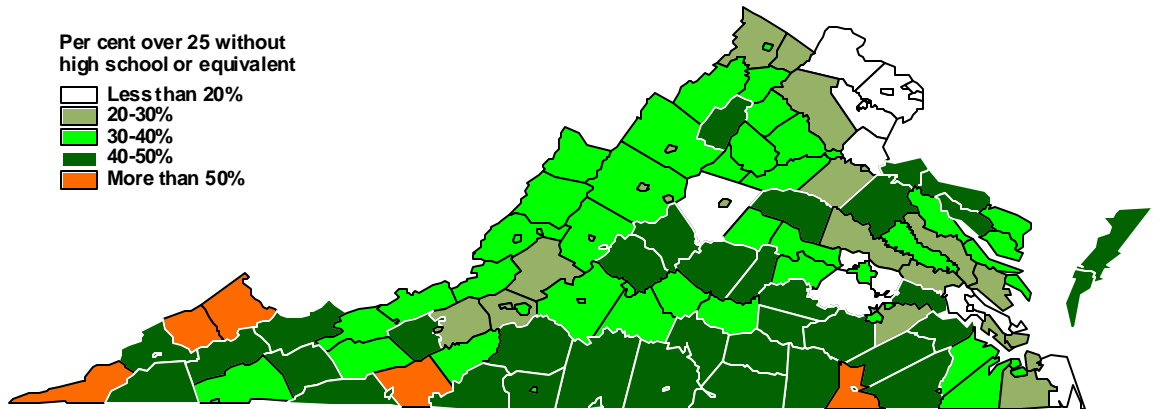


## Percent Unemployment, 1998



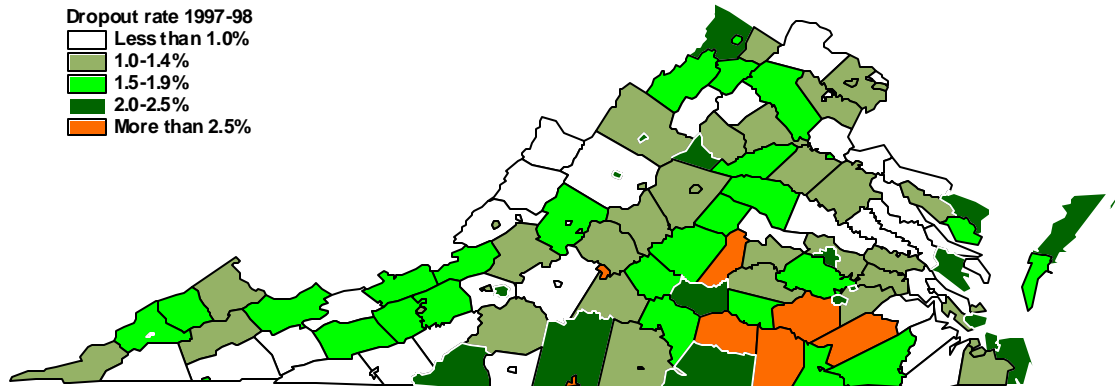
The higher rates of unemployment in the rural areas that have more poverty and more reliance on transfer payment are not surprising. This high unemployment in the middle of what is nationally and in some areas of the state a robust, full-employment economy is spread across southern Virginia, the Southwest, the Northern Neck, and the Eastern Shore.

## Percent of population over 25 without high school diploma, 1990



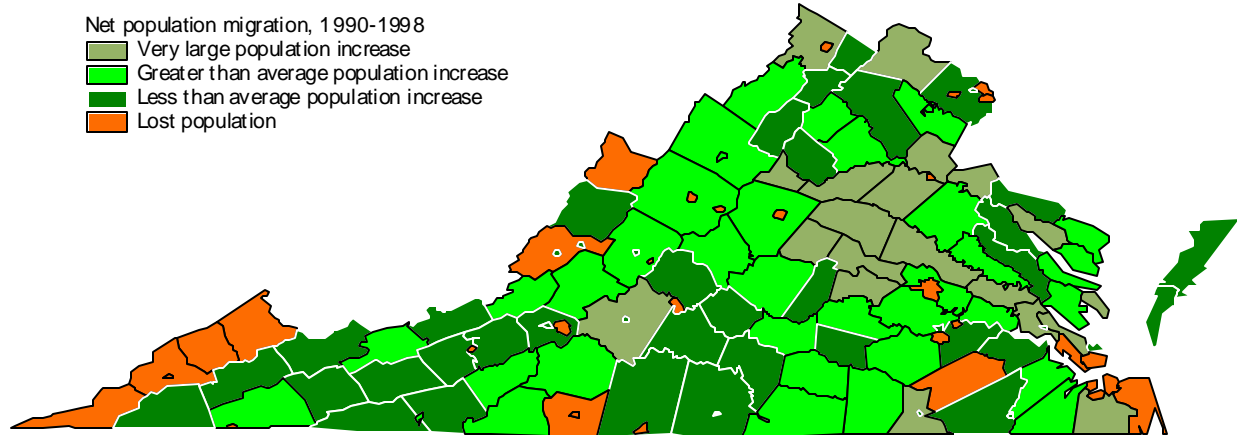
The job market in the U. S. is changing from manufacturing to service and information technology with the high-income career opportunities in the new marketplace. But rural communities in Virginia are not always ready for the new economy, reflecting the loss of younger and usually better educated workers. The population that is being left behind showed, in the 1990 census, some counties with over 50 percent of adults 25 years and older without a high school diploma. The 2000 census, now being completed, is likely to continue to show over 40 percent without a diploma in some counties. As the younger, better educated move out, the residual population is not well-prepared for the modern high-tech job market. Wages and incomes fall behind, and the cycle of divergence continues.

## Percent of Dropouts, 1997-98 School Year



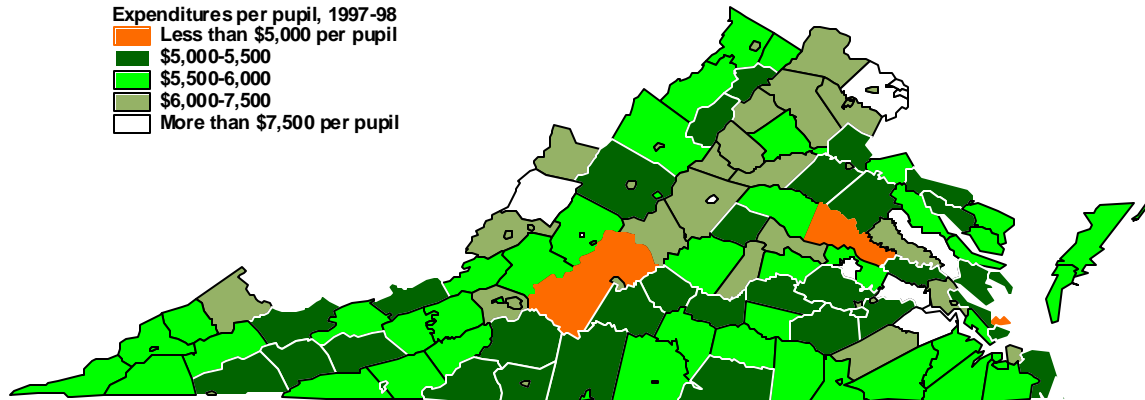
Higher dropout rates in some of the same areas with weak educational achievement are not surprising. But the dropout rates in rural counties are not markedly above the statewide rates. The younger, better educated family members are apparently leaving the rural areas. This pattern, if it continues, will make things worse.

## Net Population Migration, 1990-1998



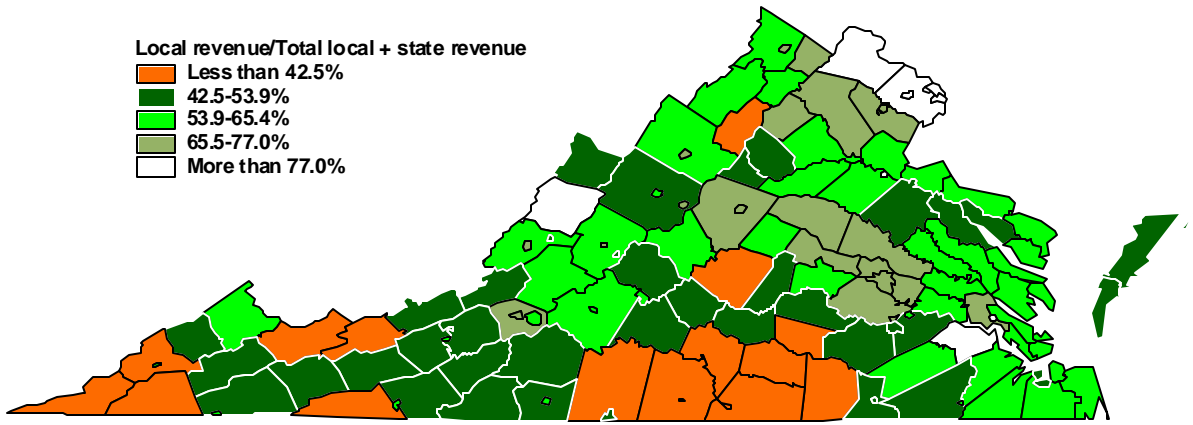
The net migration of people from rural communities across the Commonwealth suggests the problems will continue and worsen unless we intervene. The younger, better educated tend to leave the rural communities where fewer opportunities exist. If this out-migration of young people continues, these communities will fall further behind. Reversing this trend will not be easy. It will require visionary, creative public/private programs and solutions.

## Per Pupil Expenditures, 1997-98 School Year



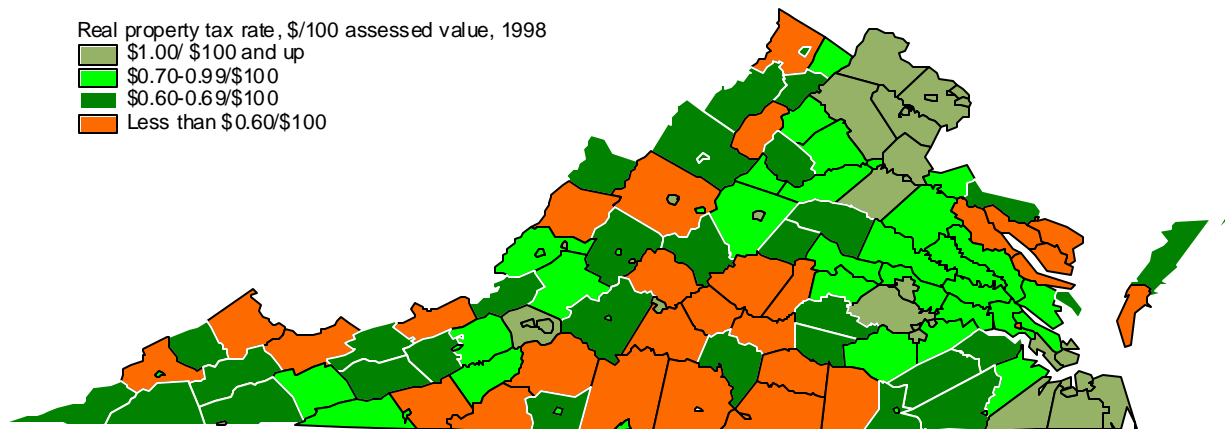
Throwing money at problems is never a sufficient answer. However, rural areas do spend less money on public education and, over time, the lower spending has an impact. Starting teacher salaries are lower in rural areas, and teachers with advanced degrees and experience typically “top out” at lower salaries than they would in urban areas. The current crisis in teacher shortage may be at least partly due to long-standing disparities between what college graduates can get in teaching compared to what they can get in the private sector.

## Local revenue as percent of total local and state revenue, 1998



Investments in public services, like education, and in community-specific infrastructure, amenities, local leadership, and economic development programs may be a necessary condition to stop the “falling behind” syndrome. But the investments are difficult to finance. If you total the local and state dollar support of local budgets for public services and express the local contribution as a percentage of that total, rural localities across southern Virginia are often contributing less than 42.5 percent of the total. Northern Virginia and other more affluent counties and cities send more dollars to Richmond than are returned. Recognizing this reality makes statewide support of programs and policies that have a chance to help rural Virginia help itself very important.

## Real Property Tax Rate per \$100 of Assessed Value, 1998



The “why” of less local contribution to local public service budgets appears to be easy to find. The majority of local financing capacity is raised via the real property tax. Tax rates below \$0.60 per \$100 of assessed value are found largely in rural counties and largely in Southside, the Southern Piedmont, the Southwest, some Highland counties, the Northern Neck, and Eastern Shore. “Raise the tax rate” is not necessarily a workable answer in these regions of the state, however. These same areas tend to be suffering from reduced real family incomes, from the poorest educational achievement, from seeing the young with more income-earning capacity leave the area, and from less income above the poverty level. Some of the real property in these rural areas, while valuable as a stock of wealth, may be earning little or no income with which to pay even the use-value tax bill.